

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: May 22, 2006

PERSONNEL LETTER #06-007
CIVIL SERVICE ONLY

TO: All Agencies in the Uniform State Payroll System

FROM: JOHN R. HARRIGAN, Chief
Personnel/Payroll Services Division

RE: **JULY 1, 2005 GENERAL SALARY INCREASE FOR BARGAINING UNIT 2 EMPLOYEES**

The Department of Personnel Administration has issued DPA Pay Letter 06-15 authorizing a July 1, 2005 general salary increase (GSI) for employees in bargaining unit 2. In addition, entry level attorney classes were moved to a single step salary rate. See the DPA pay letter for further information.

The GSI and single step salary rate change were processed via an Employment History mass update or manually for those who cannot be included in the mass update (see below). The new rate should be reflected in the appropriate payments issued in the May 22, 2006 and later payroll cycles for the employees included in the mass update. Also, adjustment payments with a May 23, 2006 issue date will be made for the July 2005 through April 2006 pay periods. See below for additional information.

1. EH UPDATE PROCESSES

The EH mass update was processed on the night of Friday, May 19, 2006, to post the 07/01/05 effective date GEN transactions. The GEN transaction reflects the GSI and single step salary rate change within the employee's base salary rate. In addition, out-of-sequence transactions and separation transactions with lump sum extending into the new salary pay period were updated via the mass update process.

PPSD will manually update the EH records not included in the mass update. This includes processing a SAL transaction for employees in Range B and M per DPA Pay Letter 06-15. These records will be processed on a flow basis.

A turnaround (TAD) PAR will be issued reflecting the 07/01/05 effective date GEN, SAL and associated out-of-sequence transactions. The TAD PARS will be released on a flow basis.

2. PAYROLL ADJUSTMENTS

Adjustments for regular pay payments and overtime payments (i.e., non-FLSA overtime pay) that have already been issued will be automatically made once the employees' EH records are updated

for the salary change. For employees updated via the EH mass update, the adjustments will be made in the May 22, 2006 payroll cycle (issue dated 05/23/06). Employees in the manual update process will have their regular and non-FLSA overtime pay adjustments issued once their EH records are updated.

Departments will need to submit Form STD. 674/674D to request adjustments for the following payments that have issued for the July 2005 through April 2006 pay periods.

- Regular pay with dock applied for an employee with a mid-month change.
- Regular pay for employees on an alternate work schedule or working a shift and time paid does not equal time possible for the pay period.
- Industrial Disability (IDL).
- Temporary Disability (TD).
- Nonindustrial Disability Leave (NDI) if benefits begin in the 07/2005 pay period.
- NDI Annual Leave Supplementation.
- Out-of-Class pay.
- Supplemental premium/pay differential pay if the pay rate is based on a percentage of the employee's base salary rate and the employee is receiving a GSI.

3. RETROACTIVITY CHARGES

The transactions as a result of the July 1, 2005 salary changes are considered to be non-controllable personnel and payroll transactions. The EH transactions and payroll adjustments resulting from the EH mass update should not be reflected on the Monthly Retroactivity Report. The EH transactions, except for the GEN transaction, and payroll transactions that are key entered or initiated by PPSD and departments will appear on the department's report. The department can return the report identifying the items associated with the July 1, 2005 salary change along with the appropriate explanation.

4. TELEPHONE CONTACTS

Questions regarding the salary changes and EH/payroll processing information can be directed as follows:

<u>SALARY AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER</u>
Salary Program	DPA	(916) 324-9381
EH Procedures	Personnel Operations Liaison Staff	(916) 322-6500
Disability Procedures	Disability Liaison Unit	(916) 322-3619
General Payroll Procedures	Payroll Liaison Unit	(916) 323-3081

JRH:JB:PMAB